



# Consolidated Budget

Proposal for Year 2023





### Macroeconomic environment

- The current budget proposal is based on the information available at this moment, normal course of business is assumed;
- We expect overall inflation around 10% in 2023;
- Minimum wage increase starting with January 2023.

### Restaurant Sales

- We estimate an increase in total sales of 21% versus previous year, as a combined effect of same stores sales growth and new stores sales increase.
- The traditional channels will have an increased weight versus previous year and as a result the delivery channel will represent around 18% of sales.

### Restaurant Operational Expenses

- Food and Material cost: the assumed tempered inflation within the current year contributed to the improvement of the gross margin of 1.6pp versus previous year.
- Cost of labor will be calibrated in order to match the ramp-up of the sales throughout of year.
- Energy cost is assumed to be predictable in line with the in-place last year regulations.

### G&A expenses

- The weight of normalized G&A expenses in total sales is lower than 2022, due to inelasticity of these costs in relation with activity volume increase.

### Development Plan

- The development plan will focus on the opening of 10 restaurants (8 KFC Romania and 2 Taco Bell), with an estimated capex of approximately EUR 6.8mn.
- Store remodeling and digital solutions' implementation are assumed around EUR 3.8mn.
- In 2023, the Group will continue to focus on ESG.

*The budget has been approved by Board of Directors and this will be open to voting in Annual General Meeting on 27<sup>th</sup> of April 2023.*

*The budget provided is based on our best estimates and projections at this time. However, actual results may differ from these assumptions due to a variety of factors, including but not limited to market conditions, changes in economic indicators, unexpected events, and other unforeseen circumstances.*

# SPHERA FRANCHISE GROUP SA

## 2023 Budget – Financial Information



The budget for the year 2023 is presented below and it includes forecasted financial results of the Company at consolidated level.

Indicator RON millions (mn)	Budget 2023		Actual 2022		Budget 2023 vs Actual 2022 %
	RON millions	% Sales	RON millions	% Sales	
<b>Restaurant Sales (*)</b>	<b>1,600.3</b>	<b>100.0%</b>	<b>1,322.8</b>	<b>100.0%</b>	<b>21.0%</b>
<b>Other Income</b>	-	-	<b>1.2</b>	-	-
Food and Material	526.2	32.9%	457.1	34.6%	15.1%
<b>Restaurant Gross Margin</b>	<b>1,074.0</b>	<b>67.1%</b>	<b>866.9</b>	<b>65.5%</b>	<b>23.9%</b>
Restaurant Operational Expenses	850.3	53.1%	712.1	53.8%	19.4%
<b>Restaurant Operating Profit</b>	<b>223.8</b>	<b>14.0%</b>	<b>154.8</b>	<b>11.7%</b>	<b>44.5%</b>
G&A expenses	61.2	3.8%	52.2	3.9%	17.2%
<b>EBITDA (normalized, excluding IFRS 16 impact) (*)</b>	<b>162.6</b>	<b>10.2%</b>	<b>102.7</b>	<b>7.8%</b>	<b>58.4%</b>
<b>Normalized Profit for the year (*)</b>	<b>83.4</b>	<b>5.2%</b>	<b>44.3</b>	<b>3.3%</b>	<b>88.3%</b>
<b>Free Cash Flow <sup>1)</sup> (*)</b>	<b>71.1</b>		<b>55.6</b>		<b>27.8%</b>

(\*) financial indicators included in Sphera Franchise Group SA Remuneration Policy

### Liquidity and Debt

- Cash position:** we estimate that the cash available at the end of this year will be around RON 90 millions
- Bank Debt:** at the end of this year, the bank debt will be around RON 190 millions
- Net Bank Debt:** as a result, the net bank debt will be around RON 100 millions

<sup>1)</sup> Free Cash Flow = EBITDA - Δ Net Working Capital - CAPEX